

House File 561 - Introduced

HOUSE FILE 561

BY KELLEY

A BILL FOR

1 An Act establishing a property tax exemption for property used
2 for certain gardening activities within a city and including
3 applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427.1, subsection 2, Code 2013, is
2 amended to read as follows:

3 2. *Municipal and military property.* The property of a
4 county, township, city, school corporation, levee district,
5 drainage district, or the Iowa national guard, when devoted to
6 public use and not held for pecuniary profit, except property
7 of a municipally owned electric utility held under joint
8 ownership and property of an electric power facility financed
9 under chapter 28F or 476A that shall be subject to taxation
10 under chapter 437A and facilities of a municipal utility that
11 are used for the provision of local exchange services pursuant
12 to chapter 476, but only to the extent such facilities are used
13 to provide such services, which shall be subject to taxation
14 under chapter 433, except that section 433.11 shall not apply.
15 The exemption for property owned by a city or county also
16 applies to property which is operated by a city or county as a
17 library, art gallery or museum, conservatory, botanical garden
18 or display, observatory or science museum, or as a location
19 for holding athletic contests, sports or entertainment events,
20 expositions, meetings or conventions, or leased from the city
21 or county for any such purposes, or leased from the city or
22 county by the Iowa national guard or by a federal agency
23 for the benefit of the Iowa national guard when devoted for
24 public use and not for pecuniary profit. Food and beverages
25 may be served at the events or locations without affecting
26 the exemptions, provided the city has approved the serving of
27 food and beverages on the property if the property is owned
28 by the city or the county has approved the serving of food
29 and beverages on the property if the property is owned by the
30 county. The exemption for property owned by a city or county
31 also applies to property which is located at an airport and
32 leased to a fixed base operator providing aeronautical services
33 to the public. The exemption for property owned by a city also
34 applies to land operated by the city as a fruit or vegetable
35 garden or leased from the city by a nonprofit corporation for

1 use as a fruit or vegetable garden, and the sale of fruits or
2 vegetables grown on the land by the city or the lessee shall
3 not affect the exemption.

4 Sec. 2. Section 427.1, Code 2013, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 39. *Nonprofit fruit and vegetable*
7 *gardens.* Land owned by a nonprofit corporation and located
8 within the corporate boundaries of a city, not exceeding five
9 acres, if devoted to public use by the nonprofit corporation as
10 a fruit or vegetable garden. The sale of fruits or vegetables
11 grown on the land shall not affect the exemption. To be
12 allowed the exemption under this subsection, the nonprofit
13 corporation that owns the land shall have as one of its
14 objectives or purposes the cultivation and sale of fresh fruits
15 and vegetables to residents of the community and shall not be a
16 political organization as defined in section 13C.1.

17 Sec. 3. IMPLEMENTATION. Section 25B.7 does not apply to the
18 property tax exemption enacted in this Act.

19 Sec. 4. APPLICABILITY. This Act applies to assessment years
20 beginning on or after January 1, 2014.

21 EXPLANATION

22 This bill provides a property tax exemption for certain
23 property located in a city used as a fruit or vegetable garden.

24 The bill modifies the current municipal property tax
25 exemption under Code section 427.1(2) to include land operated
26 by the city as a fruit or vegetable garden or leased from
27 the city by a nonprofit corporation for use as a fruit or
28 vegetable garden. The bill provides that the sale of fruits
29 or vegetables grown on such land by the city or the nonprofit
30 corporation lessee shall not affect the exemption.

31 The bill also establishes a property tax exemption for
32 land owned by a nonprofit corporation and located within the
33 corporate boundaries of a city, not exceeding five acres,
34 if the property is devoted to public use by the nonprofit
35 corporation as a fruit or vegetable garden. The bill provides

1 that the sale of fruits or vegetables grown on the land shall
2 not affect the exemption. To be allowed the exemption under
3 the bill, the nonprofit corporation that owns the land must
4 have as one of its objectives or purposes the cultivation
5 and sale of fresh fruits and vegetables to residents of the
6 community and shall not be a political organization as defined
7 in the bill.

8 Code section 25B.7 provides that for a property tax credit
9 or exemption enacted on or after January 1, 1997, if a state
10 appropriation made to fund the credit or exemption is not
11 sufficient to fully fund the credit or exemption, the political
12 subdivision shall be required to extend to the taxpayer only
13 that portion of the credit or exemption estimated by the
14 department of revenue to be funded by the state appropriation.
15 The bill provides that Code section 25B.7 does not apply to the
16 exemption in the bill.

17 The bill applies to assessment years beginning on or after
18 January 1, 2014.